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IN THE SPECIFICATION:

Page 2, paragraph [0005], please amend as follows:

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Al [0005] A physical distribution method of the present invention is a method for managing physical distribution of products and returnable containers in which a ~~manufacture~~ manufacturer (first party) ships at least one products packed in a returnable container to a merchandiser (second party) upon a request from the merchandiser to ship the products and the merchandiser sends back the returnable containers to the manufacturer, said method comprising the steps of:

receiving a request from the merchandiser to ship at least one product;

determining a product inventory balance based on inventory information about the products and the request to ship at least one product, and based on the product inventory balance determination sending a product-shipping notice to the manufacturer; and

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AS determining a returnable container inventory balances based on inventory information about the returnable containers and the received request to ship at least one product, and based on the returnable container inventory balance determination sending a returnable container-returning notice to the merchandiser.

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